

Message Text

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43

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 SS-14 NSC-10 L-03 DODE-00 PA-03

USIA-12 PRS-01 INT-08 GSA-01 OEP-01 RSR-01 STR-08

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R 281712 Z MAR 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 4923

C O N F I D E N T I A L LIMA 1984

E. O. 11652: GDS

TAGS: EMIN, EFIN, PE, JA

SUBJ: SOME THOUGHTS ON FUTURE OF SOUTHERN PERU COPPER COMPANY

1. THE ANNOUNCEMENT OF A MAJOR FINANCING PACKAGE (\$200 MILLION) FOR SPCC, WITH CHASE MANHATTAN AS THE COORDINATING BANK, HAS LED MANY PEOPLE TO BELIEVE THAT THE MAJOR INVESTMENT STAGE FOR THE CUAJONE PROJECT IS NOW ENSURED. HOWEVER, ARRANGEMENTS FOR FINANCING THE FINAL STAGES (APPROXIMATELY \$175 MILLION) HAVE YET TO BE MADE AND UNTIL SPCC CAN SHOW FINANCING ADEQUATE FOR COMPLETION, THE CHASE PACKAGE WILL NOT BE DELIVERED, ACCORDING TO SPCC PRES FRANK ARCHIBALD. HE SAYS THE DEADLINE IS NOW JUNE 30/73, AT WHICH TIME SPCC MUST FILE ITS INVESTMENT/ CONSTRUCTION SCHEDULE WITH THE GOP. IN ORDER TO DO THIS, ARCHIBALD SAYS THEY MUST HAVE ASSURED FINANCING SINCE THIS STAGE WILL REQUIRE THE MAJOR INVESTMENT EXPENDITURES. UP TO NOW CONSTRUCTION COSTS (NEARING \$100 MILLION) HAVE BEEN COVERED BY CASH FLOW FROM TOQUEPALA.

2. BY THE THME CUAJONE IS " ON LINE" -- SOME TIME IN 1976, ASSUMING ADEQUATE FINANCING IS ARRANGED-- SPCC WILL BE BY FAR THE LARGEST SINGLE ENTERPRISE IN THE COUNTRY. IT WILL BE (UNLESS REFORMED IN SOME WAY) A 100 PERCENT US OWNED, EXTRACTIVE INDUSTRY,
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OPERATING, IN ITS INITIAL STAGES AT LEAST, UNDERED

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*** Current Classification *** CONFIDENTIAL

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